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SUBJECT: MAJLES APPROVES AHMADINEJAD'S NEW CABINET NOMINEES

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REASON: 1.4 (d)

1.(C) Summary: Following a contentious debate over the qualifications of President Ahmadinejad's nominees for three Cabinet posts, the Majles approved Shamseddin Hosseini as Economy and Finance Minister, Hamid Behbehani as Roads and Transport Minister, and Ali Kordan as Interior Minister. Ahmadinejad has now made more Cabinet changes in one term than any Iranian president since the revolution.

The President created some controversy by announcing prior to the Majles debate that his three nominees had the approval of the Supreme Leader, which may have influenced the votes of some MPs. It is unclear whether Ahmadinejad actually had Khamenei's support in this matter (an editorial in the conservative daily Keyhan suggests otherwise), or perhaps gambled that he could present the Supreme Leader with a fait accompli. The vote was also read by some as a test of ability of the new Majles -- and new Majles Speaker Larijani -- to stand up to the President. In this instance, Ahmadinejad appears to have won the day. End summary.

2.(U) On August 5, the Majles debated and voted on the three nominees presented by President Ahmadinejad to fill the vacant Cabinet posts of Ministers of Interior, Economy, and Roads and Transport. The Iranian press described the president's nominations as surprising, since Ahmadinejad was expected to nominate the current caretakers of the three vacant ministries -- which he did not. During his first term in office, Ahmadinejad has replaced the ministers of Economy, Cooperatives, Roads and Transport, Welfare and Social Security, Oil, Industries and Mines, Education, and Interior, as well as the head of the Management and Planning Organization (MPO) and the Central Bank of Iran (CBI). Ahmadinejad has now made more changes to his Cabinet in one term than any other president of the Islamic Republic.

Many cabinet changes related to economy

3.(S) Many of Ahmadinejad's cabinet changes have been related to the economic portfolio, and are likely intended to signal the president's renewed focus on improving the Iranian economy in advance of the 2009 presidential elections. Ahmadinejad placed much of the blame for the failure of his economic policies on the former Economy Minister, Davoud Danesh-Jafari, who he fired

in April. The appointment of the new Economy Minister comes shortly after Ahmadinejad's announcement of his repackaged economic plan. The new Minister of Economy, Shamseddin Hosseini, is regarded as a moderate, well-versed in economics, according to a Tehran-based economic analyst.

Tense debate over new Interior Minister

4.(S) Despite the eventual vote of confidence for all three nominees, the debate over the Interior Minister candidate, Ali Kordan, was very contentious. Kordan was reportedly one of Ahmadinejad's candidates to replace his original Oil Minister, Kazem Vaziri-Hamaneh, who resigned in August 2007. Kordan was ultimately not nominated for the post of Oil Minister, but became Deputy Oil Minister. According to one Iranian analyst, Kordan is widely believed to be an Ahmadinejad ally. However, Kordan also formerly served as deputy head of state broadcasting under Majles Speaker Ali Larijani, and some reports suggest he is a Larijani ally.

5.(C) The question of whether Kordan is more closely allied with Ahmadinejad or Larijani could be important for next year's presidential elections, since the Interior Ministry is responsible for the voting process. Rumors abound that Kordan's nomination was the result of an arranged compromise between Ahmadinejad and influential traditional conservatives, possibly including Expediency Council chair Rafsanjani, former Majles speaker Nateq-Nuri, and current Majles speaker Larijani. Some observers point to the eventual approval of all three nominees as proof of the purported compromise.

6.(SBU) Despite the rumors of a bargain compromise, Kordan's nomination faced intense criticism from a variety of conservative MPs. Kordan was accused of financial corruption

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during his tenure at the state broadcasting agency. In addition, some hardline conservatives -- including Ruhollah Hosseini, who claims to have been offered the Interior Minister post himself, but turned it down -- questioned Kordan's academic credentials, particularly his claim to have received an honorary PhD from Oxford University. Conservative news website Alef reportedly queried Oxford about the claim and on Aug 6 published the purported response from Oxford saying it has no record of Kordan receiving a degree from the university. During the Majles session, two prominent conservative MPs, Ahmad Tavakkoli and Elias Naderan, requested the debate on Kordan's credentials to be held in a closed session, but Majles Speaker Larijani -- Kordan's former boss at the state broadcasting agency -- denied the request. In the end, 169 out of 271 MPs voted in favor of Kordan, but the unresolved questions about his credentials may weaken his position.

Ahmadinejad using the Supreme Leader's name for his purposes?

7.(SBU) Also at issue was the President's invocation of the Supreme Leader's name in his defense of his Cabinet nominees before the Majles. Ahmadinejad announced to the Majles prior to the debate that Khamenei had given his approval of all three nominees, which may have affected the votes of a number of MPs. The Supreme Leader generally attempts to stay above the political fray in public, and Ahmadinejad's announcement of his support for the nominees was unusual.

8.(C) That bit of political theater provoked a strong response from the editorial page of the conservative daily Keyhan. The paper's editor-in-chief Hossein Shariatmadari -- who was appointed by Khamenei -- accused Ahmadinejad of distorting and contradicting the words of the Supreme Leader. Shariatmadari wrote, "Why has he [Ahmadinejad] used the Supreme Leader to achieve a political aim, let alone misquote him and distort his statements?" It is unclear whether Ahmadinejad actually had

Khamenei's support in this matter (the Keyhan editorial suggests otherwise), or perhaps gambled that he could present the Supreme Leader with a fait accompli.

What does this mean for Larijani and the Majles?

9.(C) In a 28 July editorial, moderate daily Kargozaran characterized the nomination debate as a test of the ability of the new 8th Majles -- under the leadership of Larijani -- to fulfill its supervisory role over the executive, and in effect, to stand up to the President. The previous Majles, led by former Majles Speaker Haddad-Adel, was frequently criticized for its inability to stand up to Ahmadinejad, who occasionally bypassed the requirement of Majles approval on some government actions.

10.(C) Comment: The rumors about the purported compromise between Ahmadinejad and traditional conservatives (possibly including Larijani) over Kordan's nomination make it difficult to assess whether the vote of approval for Kordan was good or bad for Larijani. Given the contentious debate over Kordan's nomination, it was surprising however that the Majles under Larijani's leadership approved Ahmadinejad's nominee for Economy Minister without much debate, despite the widespread criticism of Ahmadinejad's economic policies. The outcome of this nomination debate suggests that Larijani may have a difficult time marshaling the fractured conservatives in the 8th Majles, particularly in its efforts to enforce accountability from the Ahmadinejad government. Separately, Ahmadinejad's use of the Supreme Leader's name to buttress his Cabinet nominations does not seem to have met with any repercussions, apart from the Keyhan editorial, and Ahmadinejad may feel emboldened to use this tactic again to enact his policies and perhaps to influence the 2009 presidential elections. On this occasion, Ahmadinejad appears to have won the day.

MADSEN